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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,)	CASE NO. CR. 20-00249 RS
Plaintiff,)	
v.)	UNITED STATES' NOTICE OF EXPERT
)	TESTIMONY BY IRS SPECIAL AGENT JAMES
)	CARFORA
ROWLAND MARCUS ANDRADE,)	Trial Date: February 10, 2025
Defendant.)	Court: Hon. Richard Seeborg, Courtroom 3, 17 th Fl.

The United States hereby discloses, pursuant to Federal Rule of Criminal Procedure 16(a)(1)(G) and Federal Rule of Evidence 702, that it may proffer Internal Revenue Service, Criminal Investigation Special Agent James Carfora as an expert witness at trial.

I. Qualifications

Agent Carfora's testimony will be based on his experience, education, and training, which render him an expert in money laundering, taxation, and forensic accounting. Agent Carfora has a Bachelor of Science degree in accounting from Fordham University and a Master of Business Administration in

1 Finance, also from Fordham University's Gabelli School of Business. Agent Carfora has been an IRS-
2 CI agent for almost 17 years. In addition to 26 weeks of training to become an IRS-CI agent, Carfora
3 has received advanced training and is certified by IRS-CI as an expert in money laundering

4 During his 17 years as an IRS-CI Special Agent, Carfora has acquired experience in a wide range
5 of investigations including criminal tax, identity theft, narcotics, government fraud, public corruption
6 and money laundering violations. Special Agent Carfora's CV has been provided to defense counsel.
7 Agent Carfora has not testified previously as an expert witness; however, he has testified as a lay
8 witness in the following trial, *United States v. Stephen Williams* (SDNY January 2016).

9 II. Anticipated Testimony

10 Defendant Rowland Marcus Andrade has been charged by Indictment with wire fraud in
11 violation of 18 U.S.C. § 1343, and Money Laundering in violation of 18 U.S.C. § 1956(a)(1)(A) and
12 (a)(1)(B). Agent Carfora will testify generally as to the mechanics of money laundering. Agent Carfora
13 will then provide his expert analysis of the flow of funds into and out of accounts controlled by
14 defendant Andrade, and the eventual use of those funds for purchases by Andrade for his personal
15 benefit and enrichment, based on his review of bank and other financial records, tax returns, interview
16 reports, and other document, along with the tracing analysis of FBI Forensic Accountant Theresa Chiu.

17 Special Agent Carfora will explain the methods and mechanics of how criminals disguise and
18 conceal the transfer of proceeds of fraud, so that those ill-gotten gains can be used to make profits
19 without detection by law enforcement or financial institutions, and how through money laundering, a
20 criminal can transform the monetary proceeds derived from criminal activity into funds that have the
21 appearance of having come from a legal source.

22 Agent Carfora will testify that, based on his training and experience, that while there is no set
23 way to launder money in every instance, law enforcement has developed principles and methods of
24 detecting money laundering, and based on these principles and methods, has developed a model to help
25 describe the general methodology of money laundering. The model breaks money laundering into three
26 stages: placement, layering, and integration, and Agent Carfora will explain each, as summarized:

- 27 • *Placement*: The goal is to place the cash or currency from the illegal activity into the
28 financial system using a means that minimizes detection by law enforcement and regulators.

- 1 • *Layering*: This is a general label to define the activities that the criminal or launderer may
2 perform to disguise the illegal proceeds. The goal in this stage is for the criminal to create
3 distance from the original source and to give the money an appearance of legitimacy.
- 4 • *Integration*: After the funds pass through the layering stage, the funds are then applied to
5 their ultimate purpose, commonly for the criminal's personal use, or to promote the same or
6 another criminal activity.

7 Agent Carfora will testify that, based on his experience and training, a common method of
8 laundering money is to move the funds multiple times through various bank accounts until it reaches its
9 ultimate destination. Often these bank accounts have existing balances of funds in them. This mixing of
10 illicit proceeds with other funds is called comingling. Those committing money laundering crimes are
11 aware that the comingling of funds through a series of layered banking transactions makes it difficult for
12 banks and law enforcement to detect and trace the funds.

13 As to this case, Agent Carfora will testify that, based on his analysis of financial records and the
14 financial tracing done by FBI Forensic Accountant Chiu, and applying the principles and methods
15 developed by law enforcement to detect money laundering, that Andrade layered and commingled funds
16 raised from investors in AML Bitcoin in order to conceal their source, and then to further conceal their
17 integration, or use, for Andrade's personal benefit. Agent Carfora will testify as to commonly-applied
18 practices in the accounting field and how they are used and applied in tracing commingled funds,
19 including the Lowest Intermediate Balance Rule (LIBR), and the Last-In, First-Out (LIFO) and First-In,
20 First-Out (FIFO) methods.

21 Specifically, Agent Carfora will testify that the use of over \$1 million by Andrade for personal
22 expenses in 2018, as well as the transfer of \$1.04 million from Andrade's and or his business accounts to
23 his personal bank account in March and April of 2018 and then used for the purchase by Andrade of two
24 personal properties, were accomplished through the layering and comingling of funds Andrade raised
25 from AML Bitcoins through fraudulent misrepresentations. Carfora will further testify that Andrade's
26 purchase of a \$600,000 cashier's check on March 7, 2018 that he then deposited into his personal
27 account the next day and used to fund the purchase of personal properties is indicative of concealment
28 and promotional money laundering.

1 III. Bases for Opinions

2 In addition to his training and experience as an IRS-CI agent, and his certification by the IRS as
 3 a money laundering expert, Special Agent Carfora's testimony will rely upon the financial analysis
 4 prepared by FBI Investigative Analyst Theresa Chiu and all of the accompanying financial records,
 5 including accounts in the name of the NAC Foundation, the Fintech Family Fund, Defendant Andrade,
 6 Japheth Dillman, Block Bits Capital, the NAC Foundation, NAC Payroll Services, David Salmon &
 7 Associates Inc., IOLTA Trust Account, and Law Office of Neil M. Sunkin, a Professional Corporation,
 8 Client Trust Account for the NAC Foundation.

9
 10 Pursuant to Federal Rule of Criminal Procedure 16(a)(1)(G)(v), I approve this disclosure of my
 11 expected testimony.

12
 13 /s/ James Carfora
 14 JAMES CARFORA
 15 Special Agent, IRS-CI

16 DATED: December 23, 2024

Respectfully submitted,

17
 18 ISMAIL J. RAMSEY
 19 United States Attorney

20 /s/ David Ward
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 22 DAVID WARD
 23 Assistant United States Attorneys

24 MATTHEW CHOU
 25 Special Assistant United States Attorney
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